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Press release: Public Service Superannuation

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PUBLIC SERVICE SUPERANNUATION

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The Premier, Mr Dunstan, announced today that State Cabinet had agreed in principle to the proposals for a new superannuation scheme for Government employees which had been devised by a Working Party set up last May.

The proposals made were for a scheme under which for a payment of a percentage of salary during their working lives employees would qualify for a percentage of salary upon retirement.

Membership of the scheme will be optional but available to all Government employees.

The contribution percentage would depend upon the age of the employee at the start of contribution ranging from 5% at 20 to 8% at age 35 or over at commencement of contribution and the pension benefit at age 60 would be $66\frac{2}{3}\%$ of the final year average salary, providing the employee had 30 years contributory service. For lesser service, the pension would be reduced proportionately.

Where an employee decided not to retire at age 60 his pension benefit would be increased by 2% of itself for each year of additional service until age 65 was reached but during this period after age 60 no further contributions would be payable. The scheme includes provision for invalidity benefit; limited benefits for persons not able to meet certain medical standards and a provident fund for persons not medically acceptable at all. The provision for benefits for a widow would be $66\frac{2}{3}\%$ of the member's pension and improved benefits are provided for children of a deceased contributor and for orphan children. Reversionary pension will be available to a wider range of dependents than at present.

The proposals include provision for a contributor on age retirement to commute portion of his pension for a cash sum and, under certain conditions, for a widow to commute portion of her pension for a lump sum. New provisions are included to deal with persons who resign, are retrenched or who seek to retire prior to age 60.

In addition a person may opt to contribute on a basis of half contribution for half benefits. This is to meet the situation of lower paid employees who may not wish to meet the full contribution rates.

The Government has also agreed to the suggestion of the Working Party that pensions will be updated each year in accordance with the Consumer Price Index and that these supplementations will be met entirely by the Government, Mr Dunstan said.

Special arrangements are proposed for persons who transfer from the old scheme to the new and these arrangements will solve the problem which has caused concern to older contributors who have found it most difficult and in a number of cases impossible to meet contributions at the very high rates which apply under the old scheme when a member receives an additional pension entitlement as a result of salary increases.

Existing contributors will have various options as regards their future contributions and future benefits and the resultant final cost will not be determinable until those options are exercised. These options will include the right to withdraw entirely from the scheme and the half contribution for half benefit option available to new contributors. However, as part of the purpose of the new scheme is to relieve contributors of onerous contributions at older ages, there will be an additional cost to the Government in relation to transferring contributors who are between the ages of 30 and 60 years.

In all respects other than in relation to the determination of contribution rates and pension entitlements, the rights of existing contributors who transfer to the scheme will be the same as for new entrants.

On the Government's intention to have a new scheme of superannuation implemented very much earlier, the Working Party had made certain proposals to deal with persons who may have been prejudiced by delay in the commencement of the scheme.

The Government was prepared to accept these proposals, the Premier said.

It was also prepared to accept a suggestion that, since the Government will meet the full cost of all future cost of living supplements, any money presently held as surplus in the Fund to meet the Fund share of pension supplementation, could now be released for the benefit of pensioners and particularly of those pensioners of longer standing.

The Premier said that he believed that the proposals implemented the undertakings he had given on behalf of the Government that South Australian Government employees would have a superannuation scheme at least equal to the best Government scheme in Australia.

He had forwarded copies of the report of the Working Party to the South Australian Government Superannuation Federation and as soon as he had the comments of the Federation and, he hoped, the acceptance of the scheme, drafting of the legislation, which would be quite complicated, would be put in hand.
